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BEFORE THE ARIZONA CORPORATION COMMISSION

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IN THE MATTER OF RESOURCE
PLANNING AND PROCUREMENT.

Docket No. E-00000V-13-0070

RUCO'S COMMENTS TO COMMISSIONERS' LITTLE AND BURNS LETTERS

In response to Commissioners' Little and Burns recent letters, RUCO offers the following comments. RUCO appreciates the Commission's leadership on this very important topic. Getting the integrated resource planning (IRP) process right is crucial for the state of Arizona. Between new federal regulations and other risks, to changing consumer trends and technology advances, the IRP process is the regulatory vehicle to deal with these issues strategically and thoughtfully.

RUCO feels that it is prudent to push the deadline out on the 2016 IRP plans by one year for the following two reasons:

1. Given the industry-changing nature of the proposed EPA 111(d) rule, the utility plans going forward could be significantly altered. With Arizona being one of the hardest hit states, if not the hardest, even a loosening of the 2020 "interim goal" by

1 the EPA would still require significant action and cost containment strategies for
2 ratepayers. Moreover, coordination must occur between larger groups of
3 stakeholders than normally required in a standard IRP process. Cost effective
4 implementation of a policy that is inherently blind to cost, will take time and an
5 unprecedented level of management over the next few years.


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- 7 2. Second, the evolving nature of the energy business requires evolving the IRP rules.
8 As the Commission's previous discussions and actions attest, action plans need to
9 be further reinforced, important assumptions need to be informed by stakeholders
10 early in the process, and more due diligence is needed around new technologies
11 and different scenarios impacting ratepayers. While the Commission amendments
12 to the 2014 IRP plans helped with this process, opening up the IRP rules is needed.
13 This is especially appropriate to issues relating to clarifying and strengthening
14 competitive procurement as well as incorporating more advanced planning, for
15 example around the distribution system.

16 Regarding the concept of a three year filing cycle as opposed to the current two year,
17 RUCO could support this move if the IRP process is indeed strengthened to the level sought by
18 the joint parties in our December 5, 2014 filing. For instance, extra time between filings means
19 that utility actions plans would be leveraged to a much greater degree and competitive
20 procurement would also need to be relied on heavily. Also, increased analytics, stakeholder
21 input, and scenario building could demand extra time. However, if a more robust IRP process
22 and procurement best practices are not adopted, RUCO believes it is important to stick with the
23 two year cycle. Technology is changing too fast and federal regulation will force capital

1 expenditures to be compressed within timelines that are costly to ratepayers. Two year IRP
2 cycles would be needed to handle these issues and the myriad of other issues facing Arizona
3 utilities and ratepayers.

4 Again, RUCO appreciates the Commission's leadership on this important topic. RUCO
5 looks forward to working with the parties and the Commission to get the IRP process
6 strengthened and working for the stakeholders.

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8 RESPECTFULLY SUBMITTED this 1st day of July, 2015.

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13 Daniel W. Pozefsky
14 Chief Counsel
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19 AN ORIGINAL AND THIRTEEN COPIES
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